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1990/11/13

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CO RUEPC RUEHFX RUEHGX RUEHSH RUEHSA RUEHSG
RUEHMO RUEHUL RUEHRO RUEHAM RUEHSH RUEHIV
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IT RUEHGX 36514/01 317 **
TNY CCCCC ZTP

C 1314347 10V 9V
FM AMEMBASSY BEIJING

TO RUEHC / SECSTATE WASHDC IMMEDIATE 7000

RUEHLE / AMCONSUL HONG KONG 2384

RUEHGE / AMCONSUL GUANGZHOU 7019

RUEHSH / AMCONSUL SHANGHAI 6001

RUEHSA / AMCONSUL SHANGHAI 6000

RUEHMO / AMCONSUL CHANGSHU 4000

RUEHMO / AMEMBASSY TOKYO 4100

RUEHMO / AMEMBASSY MOSCOW 5000

RUEHUL / AMEMBASSY SEOUL 2000

RUEHGX / AMEMBASSY CAIRO 2000

RUEHAM / AMEMBASSY AMMAN 2000

RUEHSH / AMEMBASSY RIYADH 2442

RUEHIV / AMEMBASSY TEL AVIV 0010

RUEHIN / AIT TAIPEI 2791

RUEHQQA / USCINCPAC HONOLULU HI//PFA//

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NSC FOR LONG TAIL

I.O. 12056: DECL:OADR

TAGS: FGOV, FINR, CR

SUBJECT: CODEL OXLEY MEETING WITH PREMIER LI PENG

1. CONFIDENTIAL - ENTIRE TEXT.

SUMMARY

2. CCDEL OXLEY MET IN ZHONGNANHAI NOVEMBER 13 FOR OVER AN HOUR WITH CHINESE PREMIER LI PENG. EVIDENTLY IN AN EXPANSIVE MOOD, LI DISPENSED WITH OPENING REMARKS IN FAVOR OF RESPONDING TO SPECIFIC QUESTIONS FROM HIS VISITORS. HE DISCUSSED U.S.-CHINA TRADE, THE GULF CRISIS, THE FATE OF DETAINED DEMOCRACY ACTIVISTS, THE KOREAN PENINSULA AND THE FUTURE OF HONG KONG. THE CONGRESSMEN MADE CLEAR THE IMPORTANCE OF FURTHER PROGRESS IN HUMAN RIGHTS IF CONGRESS IS TO SUPPORT EXTENSION OF MFN TO CHINA. LI'S RESPONSES GENERALLY BROKE NO NEW GROUND, BUT SHOWED A REASONABLY INFORMED GRASP OF AMERICAN SENSITIVITIES.

CLASS: CONFIDENTIAL
ORIG: PROG:11/13/90
APPRO: CHA:RIPASCOE
DEFTO: POL:SMYUNG
CLEAR: POL:DEWEYSER
DISTR: POL-3 AND DCM
TAG SET: SET-2
FOR: FCON CHENGCH/11

EXCISE

DEPARTMENT OF STATE		IS/FPC/CDR/11/13/90		Date: 11/30/90	
() RELEASE	() DECLASSIFY				
() EXCISE	() DECLASSIFY				
() DENY	IN PART				
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() EO Citations					
() CLASSIFY AS	() S or () C				
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4. CODEL OXLEY MET NOVEMBER 13 FOR SEVENTY MINUTES WITH CHINESE PREMIER LI FENG. ALSO PARTICIPATING ON THE CHINESE SIDE WERE CHAI ZHIMIN, VICE PRESIDENT OF THE CHINESE PEOPLE'S INSTITUTE OF FOREIGN AFFAIRS (CPIFA), THE PREMIER'S PERSONAL SECRETARY LU ZHENMIN, YANG JIUCHI, DEPUTY DIRECTOR OF THE MFA'S NORTH AMERICAN AND OCEANIA DEPARTMENT, AND OTHER CPIFA OFFICIALS. THE AMERICAN DELEGATION INCLUDED CONGRESSMEN OXLEY (D-OHIO), TARDEN (D-GEORGIA), SHAW (R-FLORIDA), RHOODES (R-ARIZONA) AND LIGHTFOOT (R-IOWA), CHARGE, THE CONGRESSMEN'S WIVES, STAFF MEMBERS AND INTERPRETER (NOTETAKER).

U.S.-CHINA TRADE AND ECON

5. THE MEETING WAS PRECEDED BY A BRIEF PHOTO-OP INVOLVING THE ENTIRE AMERICAN DELEGATION. AFTER BRIEF WELCOMING REMARKS, LI SOLICITED QUESTIONS FROM HIS GUESTS. CONGRESSMAN OXLEY BEGAN BY ASKING THE PREMIER'S VIEW ON U.S.-CHINA TRADE DEVELOPMENT IN THE NEXT FEW YEARS.

6. LI STATED HIS OPINION THAT U.S.-CHINA TRADE HAD A BRIGHT FUTURE. HE HAD ADDRESSED THE 5TH PACIFIC SESSION OF THE UN TELECOMMUNICATION UNION THE DAY BEFORE AND WANTED TO UNDERSCORE THE PROSPECTS FOR TECHNICAL INNOVATION IN THIS AREA. HE UNDERSTOOD THE QUESTION OF A TRADE DEFICIT WITH CHINA HAD BECOME A RECENT CAUSE OF CONCERN TO THE AMERICAN PUBLIC. LI THOUGHT THIS WOULD NOT BE A DIFFICULT PROBLEM TO SOLVE. CHINESE MODERNIZATION WOULD REQUIRE A GREAT DEAL OF HI-TECH EQUIPMENT. CHINA NEEDED ALL SORTS OF AMERICAN PRODUCTS.

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THE GULF CRISIS

8. CONGRESSMAN DURLIN THEN ASKED HOW MR QIAN'S TALKS
WITH SADDAM HUSSEIN IN BAGHDAD HAD GONE AND WHAT CHANCE
THE CHINESE SAW OF A PEACEFUL SOLUTION TO THE GULF
CRISIS.

12. LI TERMED THIS A QUESTION OF UNIVERSAL CONCERN,
AFFECTING NOT JUST THE REGION BUT ALSO EUROPE AND THE
WHOLE WORLD.

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HE THEN ASKED DURKEN HOW HE SAW THE IRAQI
QUESTION BEING RESOLVED.

14. CONGRESSMAN DURKEN EXPRESSED HIS HOPE THAT THE
SITUATION COULD BE RESOLVED WITHOUT RESORTING TO THE

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USE OF FORCE. THE CONGRESS WOULD HAVE SOME INPUT ON THIS QUESTION. ACCORDING TO THE U.S. CONSTITUTION, ONLY CONGRESS, NOT THE PRESIDENT, COULD DECLARE WAR, THOUGH THAT COURSE HAD NOT BEEN TAKEN IN RECENT YEARS. AT THIS POINT LI INTERRUPTED TO CHECK HIS UNDERSTANDING THAT PRESIDENT BUSH FELT HE ALREADY POSSESSED THE EMERGENCY POWERS TO DECLARE "PREEMPTIVE WAR" WITHOUT CONSULTING CONGRESS.

15. MURDEN SAID LI'S UNDERSTANDING WAS CORRECT IF U.S. FORCES WERE ATTACKED. BUT HE ADDED HIS PERSONAL VIEW THAT BEFORE THE FIGHTING STARTED, THE PRESIDENT SHOULD ENLIST THE AID AND SUPPORT OF THE U.S. PEOPLE AND THEIR ELECTED REPRESENTATIVES IN CONGRESS. LI VIVIDLY NOTED THE SLIGHT DISSIMILARITY BETWEEN HIS CHARACTERIZATION AND BUSH'S LAST REMARKS.

16. CONGRESSMAN SHAW WANTED TO PUT THIS QUESTION IN A HISTORICAL PERSPECTIVE. WHEN THE CONSTITUTION WAS ENACTED TWO HUNDRED YEARS AGO, THINGS TOOK MORE TIME, PARTICULARLY WHEN GREAT DISTANCES WERE INVOLVED. BUT NOW, IF THE PRESIDENT WANTED TO PRESERVE THE ELEMENT OF SURPRISE, THERE WOULD BE NO TIME TO CONSULT WITH CONGRESS. HE PERSONALLY HOPED THIS DISCUSSION WAS JUST AN ACADEMIC DEBATE, AND THAT EVENTS WOULD NOT MOVE IN THAT DIRECTION IN THE GULF.

DEMOCRACY DETAINÉES AND MFN

17. CONGRESSMAN SHAW THEN POSED HIS OWN QUESTION. HE SAT ON THE WAYS AND MEANS COMMITTEE, WHICH HAD JURISDICTION OVER TRADE. CHINA HAD BEEN A "HOT TOPIC" IN THE CONGRESS THIS PAST YEAR BECAUSE OF THE JUNE 4 EVENTS, AND WAS SURE TO BE ON THE AGENDA WHEN CONGRESS RESUMED ITS WORK IN JANUARY. HE WAS PERSONALLY IMPRESSED BY CHINA'S ECONOMIC PROGRESS SINCE HIS LAST VISIT IN 1962. PERHAPS PREMIER LI WAS AWARE OF THE PROBLEMS CONGRESSIONAL "FREE TRADERS" LIKE HIMSELF FACED. IT WOULD BE MUCH EASIER TO SUPPORT CONTINUED EXTENSION OF MFN STATUS TO CHINA IF BEIJING DISPOSED OF THE CASES OF DEMOCRACY ACTIVISTS STILL IN DETENTION, OR RELEASING THEM IF POSSIBLE. GEORGE BUSH WAS A TREMENDOUS FRIEND OF CHINA; THERE WERE OTHER FRIENDS IN CONGRESS. BUT SHAW FELT IT ONLY FAIR TO INFORM LI OF THE PROBLEMS HE AND HIS COLLEAGUES IN THE CONGRESS FACED. HE ASKED THAT THE CHINESE SIDE ASSIST THEIR FRIENDS IN THE U.S. CONGRESS ON THIS ISSUE.

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THE KOREAN PENINSULA

21. CONGRESSMAN BROWDER BEGAN HIS QUESTION BY NOTING THE CHINESE HAD RECENTLY ESTABLISHED TRADE OFFICES IN SOUTH KOREA. HOW DID LI SEE THE FUTURE OF THE KOREAN PENINSULA? WOULD DIPLOMATIC RELATIONS BETWEEN CHINA AND SOUTH KOREA FOLLOW? AMERICANS WERE AWARE OF CHINA'S CLOSE TIES TO NORTH KOREA. WHAT WAS LI'S PROGNOSIS?

22. LI BEGAN BY NOTING CHINA SHARED SOME VIEWS WITH THE U.S. ON THIS QUESTION. THE PRC FAVORED A STABLE KOREAN PENINSULA, SUPPORTED STRENGTHENED NORTH-SOUTH RELATIONS AND EVENTUALLY HOPE TO SEE THE KOREANS REALIZE PEACEFUL REUNIFICATION. BEIJING ENJOYED CLOSE TIES TO PYONGYANG AND HOPED THE NORTH COULD FREE ITSELF SOON FROM ITS ISOLATION FROM THE INTERNATIONAL COMMUNITY. THUS THE CHINESE WERE PLEASED BY RECENT CONTACTS BETWEEN THE JAPANESE AND NORTH KOREANS.

23.

U.S.-CHINA TRADE REVISITED

25. CONGRESSMAN LIGHTFOOT TURNED THE CONVERSATION BACK TOWARD U.S.-CHINA TRADE. HE ASKED IF CHINA WAS WILLING TO HELP IN SOLVING THE PUBLIC RELATIONS PROBLEM ASSOCIATED WITH PROMOTING MFN IN THE CURRENT CLIMATE.

26. LI BEGAN BY NOTING THE NEED TO REMOVE ONE MISPERCEPTION CONCERNING THE U.S.-CHINA TRADE DEFICIT. HE UNDERSTOOD THAT ACCORDING TO U.S. STATISTICS CHINESE PRODUCTS GOING THROUGH HONG KONG WERE CALCULATED AS

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CHINESE PRODUCTS. HONG KONG EXPORTS TO THE U.S. OF
CHINESE ORIGIN WERE WORTH ROUGHLY USD TEN BILLION.
WHEREAS DIRECT EXPORTS FROM CHINA CONSTITUTED
APPROXIMATELY USD FIVE BILLION. SO IF MFN STATUS WERE
REMOVED, THE PRICES OF THESE GOODS WOULD INCREASE. IT
WOULD BE DIFFICULT THEN TO MARKET SUCH GOODS IN THE
U.S. WERE THIS TO HAPPEN, THE GREATEST HURT WOULD BE
FELT IN HONG KONG. THAT WAS WHY HONG KONG GOVERNOR
WILSON WENT TO THE U.S. LAST YEAR TO LOBBY FOR
EXTENSION OF MFN.

27. FURTHERMORE, ALTHOUGH THE TOTAL VOLUME OF

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29. CONGRESSMAN OXLEY NOTED THAT THE CODEL WOULD
DEPART CHINA IN A FEW DAYS FOR HONG KONG. WHAT, IF ANY
PROBLEMS WILL THE CHINESE SEE IN APPROACHING THE 1997
TRANSFER OF HONG KONG BACK TO CHINA? HE WAS AWARE OF
FEARS IN THE COLONY WHICH HAD RESULTED IN SOME
EMIGRATION AND CAPITAL FLIGHT. HE ASKED LI IF THESE
FEARS WERE OVERBLOWN?

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39. THE MEETING CONCLUDED WITH PLEASANTRIES AND THE
PRESENTATION OF GIFTS TO THE PREMIER FROM THE CODEL.

COMMENT

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THE CODEL DID NOT CLAR THIS AREA.

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